

ANS Correspondence

Roper, Daniel Calhoun, Hon.

1919

Subject: Rothschild, Meyer D.

[Jewelers War Revenue Tax Ctte]

Ritterhouse, C.W.

[Far Loan + Trust Co.]

[Commissioner of Internal Revenue,

U.S. Treasury Dept.,

Washington, D.C.]

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Hope

May 3, 1919

Mr. M.D. Rothschild
Chairman, Jeweler's War Revenue Tax Committee
New York City

Dear Sir:

Referring to your letter of April 16, may I ask if you have yet reached a decision regarding the question which you took up with the Commission of Internal Revenue. You will recall that this had to do with whether or not the tax levied on April 1st applied to the sale of medals issued by the Society.

Very truly yours,

Secretary.

May 8, 1919

Meyer D. Rothschild, Esq.,
Chairman, Jeweler's War Revenue Tax Committee
6 West 48th Street
New York City

Dear Mr. Rothschild:

Thank you for your letter of May 7, replying to my query concerning the inclusion of medals in the excise tax of April 1st last. This gives me just the information I desire, and as you suggest, I shall take the matter up with Mr. Roper regarding the silver medals. As these, however, are to be subscribed for by our members, it seems to me they come within the scheme of privately published medals, rather than those placed on sale, but I think it would be well to have a ruling, as you have suggested, and I am taking this up with Mr. Roper.

May I express to you my appreciation of your courtesy in responding in connection with this matter. I trust some day to have the opportunity of thanking you personally.

Very respectfully yours,

Secretary.

May 8, 1919

Honorable Daniel C. Roper
Commissioner of Internal Revenue
Treasury Department
Washington, D.C.

Dear Sir:

The American Numismatic Society is an organization incorporated for the purpose of developing an interest in things numismatic. From time to time, medals are issued, usually to our members only. According to Section 902 of the Excise Tax, Regulation #48, Page 9, Article 15, we learn that medals are excepted from tax when of bronze. In your opinion does this imply that medals of silver are likewise exempt from tax? Is there a specific ruling, either including or exempting silver and gold medals? Would the fact that the silver medals are offered for subscription to our members only have any bearing on the situation? I should appreciate your advice at as early a date as may be.

Very respectfully yours,

Secretary.



TREASURY DEPARTMENT

WASHINGTON

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO
ST-ACH

May 13, 1919.

Mr. Sydney P. Noe, Secretary,
The American Numismatic Society,
Broadway, Between 155th & 156th Sts.,
New York, N. Y.

Sir:

Replying to your letter of April 15, 1919, addressed to Mr. M. D. Rothschild, 6 West 48th Street, New York, N. Y., inquiring as to the provisions of Sections 902 and 905 of the Revenue Act of 1918, as applied to medals, which has been referred to this office:

Section 902 imposes a tax of 10 per centum on the sale price of sculpture, paintings, statuary, art porcelains, and bronzes. The term "bronzes" has been interpreted as not to include medals, memorial or commemorative tablets.

Section 905 imposes a tax of 5 per centum on articles made of, ornamented or fitted with precious metals or imitations thereof when sold by or for a dealer or his estate for consumption or use.

The term "precious metals" includes silver, gold, platinum, and all metals more valuable than these.

The term "imitations thereof" includes only platings or alloys of any of the above metals. It would cover the medal made of or plated with silver.

For the purpose of the tax, the term "dealer" means any individual, partnership, association or corporation engaged in the business of selling for profit any of the enumerated articles to a purchaser for consumption or use. The tax attaches whether the sale is made direct or through an agent. If made through an agent, the tax is payable by the owner of the articles sold.

Respectfully,

MEE

Commissioner.



TREASURY DEPARTMENT

OFFICE OF
COMMISSIONER OF INTERNAL REVENUE

WASHINGTON

ADDRESS REPLY TO
COMMISSIONER OF INTERNAL REVENUE
AND REFER TO

MAY 16 1919

ST-ACH

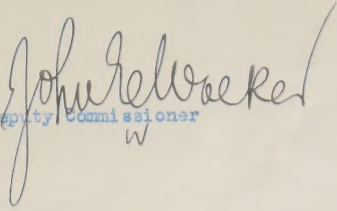
The American Numismatic Society,
Broadway, between 155th & 156th Sts.
New York City

Gentlemen:

Replying to your letter of May 8, 1919, relative to the
taxability under the Revenue Act of 1918 of silver and gold
medals:

Enclosed find copy of Regulations 48, relating to sections
902 and 905 of the Act. Your attention is invited to article
24 of the regulations, which defines the term "articles made of
or ornamented, mounted or fitted with precious metals or imita-
tions thereof, or ivory" as used in the Act. Under this defini-
tion, medals made of silver or gold, plated with such materials,
or made of alloys thereof, are subject to tax under section 905
when sold by or for a dealer, or his estate, for consumption
or use.

Respectfully,


Deputy Commissioner
W

MCL
Encl. 5269

ENCLOSURE

FROM

SALES TAX DIVISION

BUREAU OF INTERNAL REVENUE

5269

TREASURY DEPARTMENT
UNITED STATES INTERNAL REVENUE

REGULATIONS 48
RELATING TO THE
EXCISE TAXES
ON
WORKS OF ART AND
JEWELRY

UNDER
Sections 902 and 905 of the
REVENUE ACT OF 1918



WASHINGTON
GOVERNMENT PRINTING OFFICE
1919

REGULATIONS
RELATING TO THE
EXCISE TAXES
ON
WORKS OF ART AND JEWELRY
UNDER

SECTIONS 902 AND 905 OF TITLE IX OF THE REVENUE ACT OF 1918.

[Public, No. 254, 65th Congress. H. R. 12863.]

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EXCISE TAXES ON WORKS OF ART AND JEWELRY.

GENERAL PROVISIONS.

ARTICLE 1. Basis of tax.—The tax is measured by the price for which the article is sold. It is on the actual sales price of the goods, and not on the list price, where that differs from the sales price. If the price of a taxable article is increased to cover the tax, the tax is on such increased price. Where, however, the tax is billed as a separate item, such amount need not be included in the price of the article in computing the tax. The tax is payable in respect to a sale made whether or not the purchase price is actually collected. A discount for cash or other discount made subsequently to the sale can not be deducted in computing the price for the purpose of the tax. Where, however, articles are sold over a period of time under an agreement for a quantity rebate, the tax, if originally computed on the gross price, may be adjusted in the return for the month in which the price is finally determined. Commissions to agents and other expenses of sale are not deductible from the price. If articles are sold and the delivery charges to point of delivery are paid by the purchaser as a specific item, or if they are sold delivered at a sum less delivery charges to be paid by the purchaser, such charges need not be included as a part of the price of the goods; but if the vendor sells goods at a delivered price and pays the delivery charges, he is not entitled to make any deduction on account of the inclusion in the price of such charges.

ART. 2. Rescission of sales.—If articles sold are returned and the sale entirely rescinded, no tax is payable, and if paid it may be credited against the tax included in a subsequent monthly return. See Art. 35. If part only of articles sold at one time is returned, and credit or rebate allowed by the vendor therefor, the portion of the tax to be credited will be only the proportion of the total tax paid which the amount allowed as credit or rebate bears to the total sale price of all the articles. If an article is sold and thereafter exchanged for another article of a higher price, the purchaser paying the difference, the vendor should pay the tax on the second sale, but may take as a credit against such tax the proportion of the tax paid on the returned article which the amount allowed as a credit for the return of such article on the second sale bears to the amount of the purchase price in the case of the first sale.

ART. 3. Tax payable by vendor.—The tax is to be paid by the vendor on all sales made direct by him or through an agent, whether a sales agent, broker, or auctioneer. Where a vendor consigns articles, retaining ownership in them until they are disposed of by the consignee, the vendor must pay the tax upon all such articles sold by the consignee.

ART. 4. When tax attaches.—The tax attaches when the article is sold; that is to say, when the title to it passes from the vendor to the purchaser. When title passes is a question of fact, dependent upon the intention of the parties as gathered from the contract of sale and the attendant circumstances. Where goods are segregated from other goods owned by the vendor and it is the intention of both the vendor and the purchaser at the time the goods are segregated that they shall then belong to the purchaser, the title will be presumed to pass at such time. In the absence of any intention to the contrary the title is presumed to pass upon delivery of the article to the purchaser or to a carrier for the purchaser. In the case of a conditional sale, where the title is reserved until payment of the purchase price in full, the tax attaches (a) upon such payment, or (b) when title passes if before completion of the payments, or (c) when, before completion of the payments, the dealer disposes of the sale by charging off by any method of accounting he may adopt, the unpaid portion of the contract price.

ART. 5. Giving of premiums.—The giving of so-called "premiums" in return for wrappers, labels, coupons, trading stamps, or other scrip, delivered or sold in connection with the sale of a commodity, is a sale within the meaning of section 902 and section 905 if the premium is within the class of articles enumerated in those sections. In such cases the tax attaches at the time title in the premium passes to the person receiving it in exchange for such scrip, and is to be computed on the fair market value of the premium at such time.

ART. 6. Sale to the United States or a State.—The tax applies to articles enumerated in sections 902 and 905 when sold to the United States. Articles sold to a State or political subdivision thereof for use in carrying on its governmental operations are not subject to the tax.

WORKS OF ART.

SEC. 902. That there shall be levied, assessed, collected, and paid upon sculpture, paintings, statuary, art porcelains, and bronzes, sold by any person other than the artist, a tax equivalent to 10 per centum of the price for which so sold. This section shall not apply to the sale of any such article to an educational institution or public art museum.

ART. 7. **Effective date.**—The tax applies to all sales made on or after February 25, 1919.

ART. 8. **Taxable sales.**—The tax is on any sale of the articles enumerated other than a sale *by* the actual artist or *to* an educational institution or public art museum. The tax attaches whether the sale is made directly or through an agent. If made through an agent the tax is payable by the owner, but the agent may make return and pay the tax for the owner. A receiver conducting a business under court order is liable to the tax upon articles sold by him. When a person other than the artist consigns articles, retaining ownership in them until they are disposed of by the consignee, such person must pay the tax upon all such goods sold by the consignee.

ART. 9. **Taxable sales: Examples.**—The tax applies to all sales from private owner to private owner, or from private owner to dealer, or from dealer to dealer, or from dealer to private owner, and the tax to be paid upon each such sale is to be reckoned upon the full amount of the price for which the article was sold. For example, a picture is sold by a private owner to a dealer for \$10,000; the private owner must pay a tax of 10 per cent of \$10,000, or \$1,000. This picture is thereafter sold to another dealer for \$15,000; the first dealer must pay a tax of 10 per cent of \$15,000, or \$1,500. The second dealer in turn sells the picture to a third dealer for \$20,000; the second dealer must pay a tax of 10 per cent on \$20,000, or \$2,000. The third dealer sells the painting to a private collector for \$25,000; the third dealer must pay a tax of 10 per cent of \$25,000, or \$2,500. Lastly the private owner sells it to another private owner for \$30,000; the former must pay a tax of 10 per cent of \$30,000, or \$3,000.

ART. 10. **Sales by the artist.**—Sales by the artist are not taxable. By "artist" is meant the individual who by his own hands, completely or as to the important part so far as the article's artistic merit is concerned, produces the article. The artist's sale may be made directly or through a dealer, commission merchant, or other person. The exempt sale is only the original sale by the artist. If the artist regains title to an article and again sells it, such sale is taxable.

SCULPTURE.

ART. 11. **Articles taxed: Sculpture.**—The term "sculpture" means any production (whether antique or modern, and whether original, replica, copy, or reproduction) which is cut or carved by hand from marble, stone, alabaster, agate, crystal, jade, lapis lazuli, or other semiprecious stone, terra cotta, ivory, bone, wood, clay, wax, metal, or any other substance, and which is of such a character that the use to which under general custom or ordinary usage it should be put (irrespective of the use to which the purchaser intends to put it), is

entirely or principally an ornamental or decorative one as distinguished from a useful or utilitarian one. The following list, not intended to be exhaustive, is given to show the class of articles embraced within this definition, viz: Statues, statuettes, figures, figurines, groups, busts, haut or bas reliefs, plaques, pedestals, vases, flower bowls or holders, jardinières, brackets, fountains, sundials, book ends, paper weights, cabinet pieces or curios, and the numerous articles included within the term bric-a-brac, when such articles are cut or carved by hand. The term "sculpture" shall not be understood to include (a) such articles as are in the nature of material, work, or labor furnished in connection with the erection or construction of a building and which form an integral part thereof, or (b) cut glassware or engravings on metal, wood, shell, stone, or other substance, or (c) furniture, altars, candlesticks, chandeliers, railings, gates, doors, or other articles designed primarily for a useful purpose.

PAINTINGS.

ART. 12. Articles taxed: Paintings.—The term "paintings" means any pictures, images, likenesses, scenes, designs, or sketches, wholly or in part in oil, mineral, water, or other colors on canvas or other textile, wood, paper, metal, plaster, or other material, (a) whether antique or modern, (b) whether originals, replicas, copies, or reproductions, and (c) whether or not intended for reproduction by printing or other processes. The term "paintings" shall not be understood to include (1) such as are in the nature of work or labor furnished in connection with the erection or construction of a building and which form an integral part thereof; (2) furniture, windows, tableware, toilet articles, glove, handkerchief, candy, or other fancy boxes, menu, place, greeting, and similar cards, stationery, candlesticks, signs, placards, desk fittings, and other articles of utility when the same are ornamented or decorated with oil, mineral, water, or other colors; (3) such as are produced wholly or in part by stenciling, printing, or other mechanical process; and (4) pastels or drawings. The term "drawings" as used in this article shall include only pictures, images, likenesses, scenes, designs, or sketches produced by means of lines.

STATUARY.

ART. 13. Articles taxed: Statuary.—The term "statuary" means any production (whether antique or modern and whether original, replica, copy, or reproduction) cut, carved, or otherwise wrought by hand from marble, stone, alabaster, agate, crystal, jade, lapis lazuli, or other semiprecious stone, terra cotta, ivory, bone, wood, clay, wax, metal, or other substance, when such production is a representation

in the round of the human or animal form (irrespective of size), whether real, mythical, fabulous, or allegorical. The term "statuary" shall not be understood to include (a) such productions as are in the nature of material, work, or labor furnished in connection with the erection or construction of a building and which form an integral part thereof, (b) dolls or toys, or (c) such productions as are designed for a primarily useful purpose.

ART PORCELAINS.

ART. 14. Articles taxed: Art porcelains.—The term "art porcelains" means that class of articles covered by sculpture and statuary as defined in articles 11 and 13 by whatever process made when such articles are made wholly or in chief value (a) of any ceramic production of translucent ware, of hard or soft paste, whether vitrified or semivitrified, by whatever name known; or (b) of that which is commonly or commercially known as porcelain, in either case, whether or not decorated, colored, or ornamented, whether modern or antique, and whether originals, replicas, copies, or reproductions, which are of such a character that the use to which under general custom or ordinary usage they should be put (irrespective of the use to which the purchaser intends to put them) is entirely or principally an ornamental or decorative one as distinguished from a useful or utilitarian one. The term "art porcelains" shall not be understood to include (a) such articles as are in the nature of material, work, or labor furnished in connection with the erection or construction of a building and which form an integral part thereof, or (b) tableware or other articles designed for a primarily useful purpose.

BRONZES.

ART. 15. Articles taxed: Bronzes.—The term "bronzes" means that class of articles covered by "sculpture" and "statuary" as defined in articles 11 and 13 by whatever process made, when such articles are made wholly or in chief value of that substance which is commonly or commercially known as bronze, whether such articles are modern or antique, and whether originals, replicas, copies, or reproductions, which are of such a character that the use to which under general custom or ordinary usage they should be put (irrespective of the use to which the purchaser intends to put them) is entirely or principally an ornamental or decorative one as distinguished from a useful or utilitarian one. The term "bronzes" shall not be understood to include (a) architectural bronzes, (b) such articles as are in the nature of material, work, or labor furnished in connection with the erection or construction of a building and which form an integral part thereof, (c) medals, memorial or commemorative tab-

lets, or (d) such articles as are designed for a primarily useful purpose. The sale to an artist by a foundry of a casting made from the artist's model is not subject to the tax.

FRAMES.

ART. 16. Articles taxed: Frames.—If a taxable article is sold in a frame, the tax attaches to the price for which both the article and the frame are sold. If, however, the article is sold without the frame, the tax applies only to the price at which the article itself is sold. The frame, however, if sold separately, may be taxable under section 904 or section 905 of the Revenue Act of 1918.

JEWELRY.

SEC. 905. That on and after April 1, 1919, there shall be levied, assessed, collected, and paid (in lieu of the tax imposed by subdivision (e) of section 600 of the Revenue Act of 1917) upon all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semiprecious stones, and imitations thereof; articles made of, or ornamented, mounted, or fitted with, precious metals or imitations thereof or ivory (not including surgical instruments); watches; clocks; opera glasses; lorgnettes; marine glasses; field glasses; and binoculars; upon any of the above when sold by or for a dealer or his estate for consumption or use, a tax equivalent to 5 per centum of the price for which so sold.

ART. 17. Effective date.—The tax is effective as to all sales made on or after April 1, 1919, superseding the manufacturer's tax imposed by section 600 of the Revenue Act of 1917.

ART. 18. Use of terms.—For the purpose of the tax and as used in these regulations, the term "dealer" means any individual, partnership, association, or corporation engaged in the business of selling for profit any of the enumerated articles to a purchaser for consumption or use, and the estate of such a dealer. Thus, a dealer may be a manufacturer, jobber, wholesaler, retailer, mail-order house, installment house, trustee in bankruptcy, receiver, pawnbroker, or peddler, if the sale is for consumption or use; but a casual sale, not in the course of trade or business, by an individual of any of the enumerated articles, does not constitute the vendor a "dealer" within the meaning of section 905. An auctioneer or broker is a dealer within the meaning of the act in respect to all sales made by him of articles in which he has title, but not in respect to articles which he is selling as an agent.

ART. 19. Articles taxpaid under other acts.—(a) The tax is on the sale by or for a dealer or his estate when any of the enumerated articles are sold for consumption or use, regardless of whether or not a tax under any other law, or any other tax under this act, has been

previously paid on such articles. (b) Articles in respect to which the manufacturer's excise tax imposed by section 600 of the revenue act of 1917 has been paid are taxable under section 905 when sold for consumption or use by or for a dealer or his estate. (c) The tax imposed upon the manufacturer's sale of jewelry, under section 600 of the revenue act of 1917, is not a "corresponding tax" to the tax imposed by section 905 for the purpose of section 1312 of the act.

ART. 20. *Consumption or use.*—An article is sold "for consumption or use" within the meaning of section 905 of the act if it is sold for any other purpose than to be sold, leased, or otherwise disposed of for profit, whether or not after change in form by process of manufacture.

Unless the purchaser is a wholesaler, retailer, or manufacturer customarily engaged in the business of selling or further manufacturing the articles in respect to which the applicability of the tax is in question, the sale to such purchaser will be deemed to be for consumption or use, unless the contrary is clearly shown.

COMMON OR COMMERCIAL JEWELRY.

ART. 21. *Jewelry.*—The following articles are taxable as jewelry:

(1) Articles to be worn on the person or apparel for purpose of adornment, which according to general custom or ordinary usage are worn so as to be displayed, such as brooches, rings, chains, cuff buttons, necklaces, fobs, and shoe buckles. Such articles are taxable regardless of the substance of which made (except as provided in subdivision (1) of article 22), and regardless of their utilitarian value.

The term "worn on the person" as used in this paragraph does not include articles to be carried in the hand or hung over the arm, such as bags or purses.

(2) Articles to be carried in the hand, or hung on the arm, or carried or worn concealed on the person, whether in pocket or bag or under the outer garment, such as cigarette cases, eyeglass cases, pencils, powder boxes, garter buckles, purses or hand bags. Such articles are taxable *as jewelry* only if made of or ornamented, mounted or fitted with, pearls, precious or semiprecious stones, or imitations thereof; but if so made, ornamented, mounted or fitted, they are taxable regardless of their utilitarian value. See also Article 24.

(3) Articles not taxable under the following Articles may be taxable by reason of being articles commonly or commercially known as jewelry, real or imitation. It should be carefully noted that the rulings in this article are only as to articles taxable *as jewelry*. Articles which are not taxable as jewelry may be taxable under Articles 23 or 24. Thus a cigarette case, if made of, or ornamented, mounted, or fitted with, a precious metal or imitation thereof, although not

(whichever is prior) has in his possession an order or contract of sale showing in writing (1) that the manufacturer is to export the article, or (2) that the purchaser is buying the article in order to export it prior to its being used or subjected to further manufacture, there is a presumption that the sale of the article is exempt from tax, as an export sale, and the manufacturer may, for a period of six months from the date of sale or shipment (whichever is prior), rely on such presumption. This presumption becomes conclusive upon the manufacturer's receiving and attaching to such order or contract, before the termination of such period of six months, due "proof of exportation" (see Art. 30) of such article. On the other hand, if, within such period of six months, the manufacturer has not received, and attached to such order or contract, such "proof of exportation," then the presumption that such sale is an export sale disappears, and the manufacturer shall include a tax on the sale of such article in his return for the month in which such period of six months expires. The order or contract of sale and the "proof of exportation" must be preserved by the manufacturer in such a way as to be readily accessible for inspection by internal-revenue officers. No sale shall be considered to be exempt from tax under section 1310 (c) of the act, unless its character as an export sale has been established in accordance with the above provisions.

ART. 30. Proof of exportation.—By the term "proof of exportation" is meant: (1) An affidavit made by the exporter containing the following information: The name and address of the manufacturer, the name and address of the exporter (who, if not the manufacturer, must be a person who has purchased direct from the manufacturer), the respective dates of the sale (or shipment, whichever is prior), and exportation of the article, the price for which purchased, the fact that the article has been exported by the manufacturer or original purchaser without having been used or subjected to further manufacture, the name of the port of foreign destination, the name and address of the carrier issuing the export bill of lading, and any further information necessary to identify the article sold with the article exported; and (2) attached to such affidavit a copy of the export bill of lading, or a certificate by the agent or representative of the export carrier showing the exportation of the article, or if exported by parcel post, a copy of the certificate of mailing.

TRADE WITH POSSESSIONS OF THE UNITED STATES.

SEC. 1304. That there shall be levied, collected, and paid in the United States, upon articles coming into the United States from the Virgin Islands, a tax equal to the internal-revenue tax imposed in the United States upon like articles of domestic manufacture; such articles shipped from such Islands to the United States shall be exempt from the payment

of any tax imposed by the internal-revenue laws of such islands: *Provided*, That there shall be levied, collected, and paid in such islands, upon articles imported from the United States, a tax equal to the internal-revenue tax imposed in such islands upon like articles there manufactured; and such articles going into such islands from the United States shall be exempt from payment of any tax imposed by the internal-revenue laws of the United States.

ART. 31. Trade with possessions of United States.—A sale which results in the shipment of articles into the United States from the Virgin Islands is taxable to the same extent as a sale of articles within the United States. Articles going into the Virgin Islands from the United States are free from tax in the United States. The same rules apply to trade with Porto Rico and the Philippine Islands. See section 1000 of the revenue act of 1917 and Section V of the act of August 4, 1909, as amended by Section IV subdivision C, of the act of October 3, 1913. The tax attaches, however, to articles shipped to other possessions of the United States, including the Canal Zone.

TRANSFER OF BURDEN OF TAX.

SEC. 1312 (2). If (a) any person has prior to September 3, 1918, made a bona fide contract with a dealer for the sale * * * after the tax takes effect, of any article in respect to which a tax is imposed under Title * * * IX * * * or under this subdivision, and in respect to which no corresponding tax was imposed by the revenue act of 1917, and (b) such contract does not permit the adding, to the amount to be paid under such contract, of the whole of the tax imposed by this act, then the vendee * * * shall, in lieu of the vendor * * * pay so much of the tax imposed by this act as is not so permitted to be added to the contract price. If a contract of the character above described was made with any person other than a dealer, no tax shall be collected under this act.

ART. 32. Transfer of burden of tax.—(a) In the case of articles taxable under section 902 if A (who is not the artist) made a contract of the character described in the statute with B, a dealer, before September 3, 1918, the liability for tax on sales made on or after February 25, 1919, in pursuance of such contract, is on B, with only a duty on A to collect and pay it to the collector. If in the above case B also made before September 3, 1918, a contract of the character described with C, another dealer, the liability for such tax, thus imposed on B, is transferred from B to C, B being obligated only to collect the tax from C and pay it over to A for payment to the collector. If, however, any person made before September 3, 1918, a contract of the character described with any person other than a dealer, no tax is due in respect to the sale under such contract.

(b) In the case of articles taxable under section 905, if a dealer, before September 3, 1918, made a contract of the character described in the statute for the sale on or after April 1, 1919, of any of the

enumerated articles for consumption or use, the sales made in pursuance of such contract are not taxable. (See art. 19 (c).)

RETURN AND PAYMENT OF TAX.

SEC. 903. That every person liable for any tax imposed by section * * * 902 * * *, shall make monthly returns under oath in duplicate and pay the taxes * * * to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return. * * *

SEC. 905. * * *

Every person selling any of the articles enumerated in this section shall make returns under oath in duplicate (monthly or quarterly as the Commissioner, with the approval of the Secretary, may prescribe) and pay the taxes imposed in respect to such articles by this section to the collector for the district in which is located the principal place of business. Such returns shall contain such information and be made at such times and in such manner as the Commissioner, with the approval of the Secretary, may by regulations prescribe.

The tax shall, without assessment by the Commissioner or notice from the collector, be due and payable to the collector at the time so fixed for filing the return.

SEC. 1312. (4) The taxes payable by the vendee * * * under this section shall be paid to the vendor at the time the sale * * * is consummated and collected, returned, and paid to the United States by such vendor * * * in the same manner as provided in section 502.

SEC. 1309. That the Commissioner, with the approval of the Secretary, is hereby authorized to make all needful rules and regulations for the enforcement * * * of this act (and) * * * may by regulations provide that any return required by Titles * * * IX * * * to be under oath may, if the amount of the tax covered thereby is not in excess of \$10, be signed or acknowledged before two witnesses instead of under oath.

ART. 33. Return and payment of tax.—In accordance with the sections above set forth and section 502, every person liable for the tax in respect to the sale of any of the articles enumerated in section 902 or section 905 must make *monthly* returns under oath in duplicate (except that if the amount of tax covered thereby is not in excess of \$10 such returns may be signed and acknowledged before two witnesses instead of under oath), and pay the taxes imposed on such articles to the collector of internal revenue for the district in which his principal place of business is located. If he has no place of business, return should be made to the collector for the district in which he resides. An itinerant dealer should make return and pay the tax to the collector of the district where the sales are made. The returns shall be made on Form

728A. Instructions for preparing the return will be found on the back of the form. The returns are to be rendered and the tax paid on or before the last day of each month covering the transactions of the preceding month. The first return under section 902 must cover all transactions from February 25, 1919, to March 31, 1919, both inclusive, and is to be made on or before May 31, 1919. The first return under section 905 must cover all transactions from April 1, 1919, to April 30, 1919, both inclusive, and is to be made on or before May 31, 1919. The books of every person liable to the tax shall be open at all times for inspection by examining internal-revenue officers.

RETURNS BY AGENTS.

ART. 34. Returns by agents.—Every auctioneer, agent, factor, broker, dealer, or other person selling any of the articles enumerated in section 902, as agent for the owner, unless such owner is the artist, shall make monthly return under oath to the collector for the district in which his principal place of business is located, stating as to each article sold for any such owner the name and address of such owner, the date and amount of the sale, and a brief description of the article.

CREDITS AND REFUNDS.

SEC. 1310. (a) That in the case of any overpayment or overcollection of any tax imposed by * * * Title IX, the person making such overpayment or overcollection may take credit therefor against taxes due upon any monthly return, and shall make refund of any excessive amount collected by him upon proper application by the person entitled thereto.

(b) Wherever in this act a tax is required to be paid by the purchaser to the vendor at the time of a sale, and such sale is made on credit, then, under regulations prescribed by the commissioner, with the approval of the Secretary, the tax may, at the option of the vendor, be returned and paid by him to the United States as if paid to him by the purchaser at the time of the sale, and in such case the vendor shall have a right of action in any court of competent jurisdiction against the purchaser for the amount of the tax so returned and paid to the United States.

ART. 35. Credits and refunds.—If a person overpays the tax due with one monthly return, he may take credit for the overpayment against the tax due with a succeeding return. If under section 1312 of the statute or otherwise he similarly overcollects the tax, he shall refund the overcollection to the purchaser. If in a case under section 1312 he sells on credit, he shall make return of the tax at the time of the sale, but may defer collection of it from the purchaser. (See Art. 4.) For the procedure with reference to claims for refund see sections 3220 and 3225 of the Revised Statutes, as amended by section 1316 of the Revenue Act of 1918, and Regulations No. 14 (revised).

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Jas. Lance Trust Co.,
Sec. to Pres.
Rittenhouse, O. H.